Weekly Economic Review

Housing starts strengthen in September

Housing Market

Welcomed surge in starts

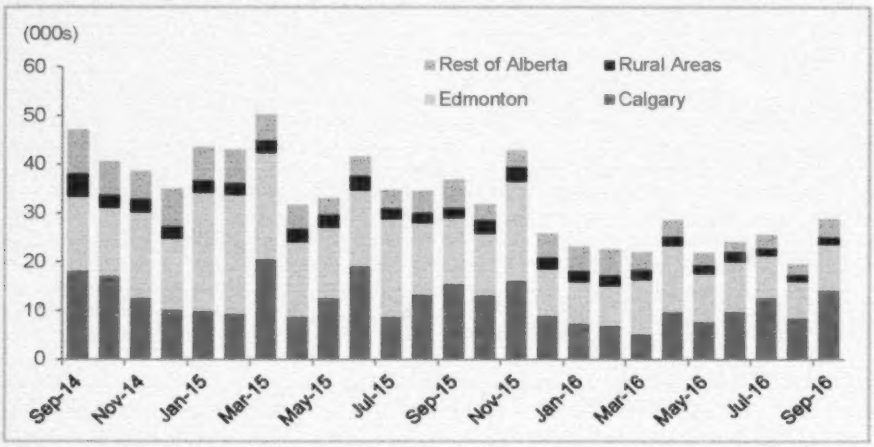
Alberta's housing starts picked up in September after hitting a five year low in August (Chart 1). Starts jumped to 28,907 (annualized), up 9,292 units month-over-month (m/m). Multifamily dwellings (5,837 units m/m) provided a big boost, with starts increasing across the board for apartments, row housing and semi-detached units. Single-family housing starts were also up, rising by 3,362 dwellings month-over-month to the highest level in nearly a year. However, the monthly surge was unable to offset sustained weakness over the preceding year, leaving starts down 22% year-over-year (y/y). Housing starts were down throughout Alberta, including urban centres like Calgary (-8.1% y/y) and Edmonton (-31% y/y) as well as in rural areas (-23% y/y). Alberta's New Housing Price Index (NHPI) fell slightly in August, and was down 0.5% y/y.

Existing home sales also improve

Along with housing starts, existing home sales also improved. There were 4,436 existing home sales across Alberta in September, up 3.2% m/m from August. The increase was driven by higher existing homes sales in Calgary, Edmonton and Lethbridge, while most other regions experienced small declines. The monthly uptick in sales coincided with an increase in listings, leaving the sales-to-new listings ratio nearly unchanged at 48.9%. The improved resale activity helped drive the average resale price across Alberta to $400,003, up 3.7% year-over-year. Despite the monthly uptick, the level of resale activity remained relatively low compared with last year.

Chart 1: Housing starts pick up

Alberta housing starts (annualized)



Source: Canada Mortgage and Housing Corporation

Non-Res Building Investment

Investment down for a 6th quarter

Private sector investment continues to decline, outweighing higher investment in institutional and governmental structures (34% y/y). Alberta's non-residential building investment fell to $2.5 billion in the third quarter of 2016, the sixth straight decline. Compared with last year non-residential building investment has fallen 10% year-over-year due to waning investment in commercial (-17% y/y) and industrial buildings (-37% y/y). Edmonton (-1.5% y/y) and Calgary (-11% y/y) have both experienced drop-offs in building investment, with both cities posting the first simultaneous quarterly contraction in nearly three years.

US Employment

Slow down in American job growth

The US labour market was slightly sluggish heading into autumn, with employment rising by 156,000 workers in September - markedly below the average of over 200,000 per month over the preceding year. Services industries accounted for most of the new employment (+146,000), while goods producing industries created 10,000 new positions. Of positive note, the beleaguered mining industry experienced its first employment gain after a job loss streak that lasted for a staggering twenty-three months. Along with slower employment growth, the US unemployment rate ticked up 0.1 percentage points to 5.0%.

Contact

Robert Van Blyderveen 780.638.5628

Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance

Economics and Revenue Forecasting